

EXHIBIT B

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

AMERICAN PATRIOT BRANDS, INC., URBAN
PHARMS, LLC, DJ & S PROPERTY #1, LLC, TSL
DISTRIBUTION, LLC, ROBERT Y. LEE, BRIAN
L. PALLAS, AND J. BERNARD RICE,

Defendants, and

PUERTO RICO ONE CORPORATION, CASTRO
BUSINESS ENTERPRISES, LLC, AND LEGION
ACCOUNTING SERVICES, INC.

Relief Defendants.

Case No. 3:23-cv-01124

DECLARATION OF MICHAEL D. WHEATLEY

I, Michael D. Wheatley, of legal age, hereby declare pursuant to 28 U.S.C. § 1746 as follows:

1. I am Of Counsel at the firm of Paul Hastings LLP and am counsel of record to American Patriot Brands, Inc. (“American Patriot Brands”), Urban Pharm, LLC (“Urban Pharm”), DJ & S Property #1, LLC (“DJ&S”), TSL Distribution, LLC (“TSL”), Robert Y. Lee (“Lee”), Brian L. Pallas (“Pallas”), J. Bernard Rice (“Rice”), collectively the Defendants, as well as Puerto Rico One Corporation (“PR One”), Castro Business Enterprises, LLC (“Castro Enterprises”), and Legion Accounting Services, Inc. (“Legion”), collectively Relief Defendants. All of the statements in this Declaration are true and correct to the best of my knowledge, information, and belief.
2. American Patriot Brands and its subsidiaries Urban Pharm, DJ&S, and TSL legally cultivate and sell recreational cannabis in Oregon and transact business in California. American Patriot Brands’ documents and those of its subsidiaries are located at American Patriot Brands’ Newport Beach, California headquarters.
3. Mr. Lee is American Patriot Brands’ CEO and Chairman of its Board of Directors. He is a resident of Newport Beach, California. Mr. Pallas is the Chief Operating Officer for American Patriot Brands, Urban Pharm, and TSL and is a member of American Patriot Brands’ Board. Mr. Pallas is a resident of Laguna Beach, California.

4. In addition to Mr. Lee and Mr. Pallas, American Patriot Brands' employees and key potential witnesses relating to the First Offering are based outside of the District of Puerto Rico:
 - a. **J. Bernard Rice.** Mr. Rice, American Patriot Brands' former Chief Financial Officer and Executive Vice President of Corporate Development, resident of Roswell, Georgia, will testify about the statements and communications issued to prospective investors and their representatives in the course of the First Offering.
 - b. **Lee Patin.** Ms. Patin, American Patriot Brands' Controller, resident of Yorba Linda, California, will testify about American Patriot Brands' accounting and financial operations, including any alleged improper transfer of funds to the Relief Defendants.
 - c. **Robert Borland.** Mr. Borland, American Patriot Brands' Consultant, resident of Orange County, California, will testify about the presentations emailed to prospective investors and their representatives in the course of the First Offering. Compl. ¶¶ 30, 45–46.
 - d. **Chris Herk.** Mr. Herk, American Patriot Brands' Consultant, resident of Pennsylvania, will testify about the presentations emailed to prospective investors and their representatives in the course of the First Offering. Compl. ¶¶ 45–46.
 - e. **Chris Polasek.** Mr. Polasek, American Patriot Brands' former in-house counsel, resident of Florida, might testify about the presentations emailed to prospective investors and their representatives in the course of the First Offering. Compl. ¶¶ 45–46.
 - f. **Jonathan Morris.** Mr. Morris, American Patriot Brands' former Chief Financial Officer, resident of New York, will testify about his interactions with Accountant 1. Compl. ¶ 56.
 - g. **Jon Zimmerman, MGMT.** Mr. Zimmerman, a resident of Los Angeles, California, will testify about the alleged in-house valuation (the “APB Valuation”). Compl. ¶ 38.
 - h. **Tony Price, Hall & Company.** Mr. Price, a resident of California and an auditor and Partner at Hall & Company, the California based audit firm engaged to audit American Patriot Brands' financial statements during the relevant time period, will testify about American Patriot Brands' audits, their methods, and results. Compl. ¶¶ 48–49.
 - i. **Marty Weigel.** Mr. Weigel, resident of Reno, Nevada, referred to throughout the SEC's Complaint as Accountant 1, will testify about his work on American Patriot Brands' financial statements, his methods, and his findings. Compl. ¶ 54.

- j. **Oregon Appraisers.** The appraisers who assessed the value of the Oregon Farm are located in Jackson County, Oregon, and will testify about their assessment of the Oregon Farm's value. Compl. ¶ 33.
- k. **Gen. Wesley Clarke.** Gen. Clarke, resident of Little Rock, Arkansas, referred to in the SEC's Complaint as a famous retired United States Army General, will testify about his relationship with American Patriot Brands. Compl. ¶ 29.
- l. **Jeff Stuecken, Bay Valuation Advisors.** Mr. Stuecken, resident of Boston, Massachusetts, will testify about the "BVA Appraisal," its methods, and its results. Compl. ¶¶ 35-37.
- m. **Investors 1 through 6.** Investors 1 through 6, who do not reside in the Commonwealth of Puerto Rico, will testify about the communications and presentations received in the course of the First Offering.

5. In addition to Mr. Lee and Mr. Pallas, American Patriot Brands' employees and key potential witnesses relating to the Second Offering are, for the most part, based outside of the District of Puerto Rico:

- a. **John Randolph, Stonecrest Partners.** Mr. Randolph, a resident of Texas and principal of Stonecrest Partners, the financial services company based in Austin, Texas, with an office in San Juan, Puerto Rico and identified in the SEC's Complaint as the broker-dealer involved in the Second Offering, will testify about Stonecrest Partners' role in the Second Offering, including preparing and distributing the promotional materials. Compl. ¶ 62.
- b. **Josh Black, Element 7.** Mr. Black, a resident of California and Licensing & Compliance Officer at Element 7, the third-party facilitator (the "License Facilitator"), will testify about Element 7's sale of licenses to American Patriot Brands. Compl. ¶ 69.
- c. **Robert DiVito, Element 7.** Mr. DeVito, a resident of California and Licensing & Compliance Officer at Element 7, the third-party facilitator (the "License Facilitator"), will testify about Element 7's sale of licenses to American Patriot Brands. Compl. ¶ 69.
- d. **Gen. Wesley Clarke.** Gen. Clarke, resident of Little Rock, Arkansas, referred to in the SEC's Complaint as a famous retired United States Army General, will testify about his relationship with American Patriot Brands. Compl. ¶ 70.
- e. **Jon Zimmerman, MGMT.** Mr. Zimmerman, a resident of Los Angeles, California, will testify about the alleged APB Valuation. Compl. ¶ 71.

6. In addition to Mr. Lee and Mr. Pallas, all key potential witnesses relating to the Third Offering reside outside of the District of Puerto Rico:
 - a. **Sydney Warburton.** Mr. Warburton, a resident of California, will testify about the appraisal that valued the Oregon Farm at \$17 million. Compl. ¶ 75.
 - b. **Oregon Appraisers.** The appraisers who assessed the value of the Oregon Farm are located in Jackson County, Oregon, and will testify about their assessment of the Oregon Farm's value. Compl. ¶ 75.
7. In addition to Mr. Lee and Mr. Pallas, all key potential witnesses relating to the so-called "sale of the Garden Units," labeled by the SEC as the Fourth Offering, reside in California:
 - a. The real estate brokerage firm referred to in the Complaint is based in the Central District of California. Two individuals affiliated with this firm are residents of California and will testify about the alleged sale of the Garden Units and their posting online. Compl. ¶¶ 80–82.
8. The outside accountants who have provided services to American Patriot Brands during the relevant times and also may be called as witnesses are all located outside of the District of Puerto Rico:
 - a. **Greg Andrews.** Greg Andrews, an outside accountant and resident of Irvine, California, will testify about his work on American Patriot Brands' financial statements, his methods, and his findings. Any relevant documents in Greg Andrews' possession would be located in Irvine, California.
 - b. **Dave Horin.** Dave Horin, an outside accountant and resident of Newport Beach, California, will testify about his work on American Patriot Brands' financial statements, his methods, and his findings. Any relevant documents in Dave Horin's possession would be located in Newport Beach, California.
 - c. **Marty Weigel.** Marty Weigel, resident of Reno, Nevada, referred to throughout the SEC's Complaint as Accountant 1, will testify about his work on American Patriot Brands' financial statements, his methods, and his findings. Compl. ¶ 54. Any relevant documents in Marty Weigel's possession would be located in Reno, Nevada.

9. The attorneys who advised American Patriot Brands with respect to each of these alleged Offerings and also may be called as witnesses are all located in California:¹
 - a. **Randy Katz.** Randy Katz, an attorney and resident of Orange County, California might testify about the Offerings. Any relevant documents in Randy Katz's possession would be located in Orange County, California.
 - b. **Young Kim.** Young Kim, an attorney and resident of Los Angeles, California, might testify about the Offerings. Any relevant documents in Young Kim's possession would be located in Los Angeles, California.
 - c. **Arden Anderson.** Arden Anderson, an attorney and resident of San Diego, California, might testify about the Offerings. Any relevant documents in Arden Anderson's possession would be located in San Diego, California.
10. Defending this suit in the District of Puerto Rico will be damaging to American Patriot Brands' business because Mr. Lee and Mr. Pallas are involved heavily in the business' operations, including harvesting the crop at the Oregon Farm and overseeing shipments of American Patriot Brands' products from Oregon to sale locations. At American Patriot Brands' Oregon farm, outdoor growing season takes place between June and October. These are American Patriot Brands' busiest and most important months during which the business grows most of its annual total yields. Having to fly twelve hours from California to Puerto Rico, or over fourteen hours from Medford, Oregon to Puerto Rico to defend this case in the District of Puerto Rico would impede their ability to run American Patriot Brands' business.
11. Mr. Rice travels to the Central District of California often as part of his current job. As such, defending this case in the Central District of California is far more convenient to him than defending this case in the District of Puerto Rico.
12. Defending this suit in the District of Puerto Rico will be personally inconvenient to Ms. Patin, a key witness across all Four Offerings, because she is the principal caretaker for her elderly mother. Consequently, travel to Puerto Rico will be a hardship for her.
13. Defending this suit in the District of Puerto Rico will be personally inconvenient to Mr. Pallas. Mr. Pallas is 75 years old and currently is being treated for hypertension and stress. The travel required to defend this case in Puerto Rico may exacerbate Mr. Pallas' health issues and expose him to more serious health issues.
14. Defending this suit in the District of Puerto Rico will be personally inconvenient to Mr. Lee. Mr. Lee is his mother's principal caretaker. Mr. Lee's mother is 92 years old and suffers from dementia, diabetes, heart disease, and cancer. Mr. Lee provides his mother with daily care, including taking her to doctors' appointments, and ensuring she receives the appropriate dosages of medicine.

¹ Defendants and Relief Defendants have not asserted at this stage an advice of counsel defense, but they reserve the right to do so at the appropriate point.

15. The SEC's lawyer of record in this case resides and works in the Washington, D.C. area.

16. Lead defense counsel, Paul Hastings LLP, has three offices in the Central District of California and plans to conduct the defense from its Orange County office.

Wherefore, pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed in Washington, D.C., this 1st Day of June 2023.



Michael D. Wheatley